



REYNOLDS COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-59
July 24, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2000

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Reynolds, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Reynolds County was a financial and compliance audit of various county operating funds.

The audit includes some matters upon which the county should consider and take appropriate corrective action.

Copies of the audit are available upon request.

YELLOW SHEET

REYNOLDS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Reynolds County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 1999 and 1998, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

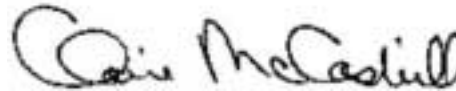
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Reynolds County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 18, 2000, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" being more prominent than the last name "McCaskill".

Claire McCaskill
State Auditor

April 18, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Susan J. Beeler
Audit Staff:	Robyn L. Vogt
	Jerry C. Lamprecht, Jr. CPA



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Reynolds County, Missouri

We have audited the special-purpose financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

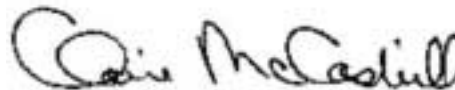
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Reynolds County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Reynolds County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Reynolds County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

April 18, 2000 (fieldwork completion date)

Financial Statements

Exhibit A-1

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 99,766	637,050	665,525	71,291
Special Road and Bridge	206,546	984,022	1,067,690	122,878
Assessment	1,808	118,595	118,061	2,342
Law Enforcement Training	1,245	1,938	1,973	1,210
Prosecuting Attorney Training	206	324	439	91
Recorder's User Fees	17,334	4,314	1,702	19,946
Sweetwater Cemetery Trust	4,403	192	185	4,410
Sheriff's Civil Fees	8,691	5,048	9,387	4,352
Health Center	31,396	259,948	230,480	60,864
Senior Services Board	4,989	30,379	30,865	4,503
Circuit Clerk Interest	350	515	530	335
Law Library	359	2,595	2,320	634
Children's Trust	15	295	210	100
Special Law Enforcement	7,253	3,736	5,410	5,579
Emergency Grant	0	23,071	23,071	0
Senate Bill 40 Board	0	101,548	96,587	4,961
Associate Circuit Division Interest	21,254	255	872	20,637
Total	\$ 405,615	2,173,825	2,255,307	324,133

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 151,967	565,307	617,508	99,766
Special Road and Bridge	154,892	942,544	890,890	206,546
Assessment	0	88,000	86,192	1,808
Law Enforcement Training	1,081	2,195	2,031	1,245
Prosecuting Attorney Training	344	371	509	206
Recorder's User Fees	13,529	4,028	223	17,334
Sweetwater Cemetery Trust	4,324	210	131	4,403
Sheriff's Civil Fees	3,062	5,629	0	8,691
Health Center	22,624	264,001	255,229	31,396
Senior Services Board	4,930	28,999	28,940	4,989
Circuit Clerk Interest	423	542	615	350
Law Library	182	2,320	2,143	359
Children's Trust	20	195	200	15
Special Law Enforcement	0	7,253	0	7,253
Emergency Grant	0	14,549	14,549	0
Senate Bill 40 Board	384	100,144	79,274	21,254
Associate Circuit Division Interest	2,210	748	483	2,475
Total	\$ 359,972	2,027,035	1,978,917	408,090

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

REYNOLDS COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 260,525	269,312	8,787	260,440	255,712	(4,728)
Intergovernmental	148,550	169,313	20,763	167,600	142,119	(25,481)
Charges for services	118,741	117,987	(754)	115,300	116,779	1,479
Interest	13,500	8,422	(5,078)	13,000	11,343	(1,657)
Other	35,270	37,878	2,608	57,975	20,415	(37,560)
Transfers in	19,341	34,138	14,797	18,939	18,939	0
Total Receipts	595,927	637,050	41,123	633,254	565,307	(67,947)
DISBURSEMENTS						
County Commission	62,230	62,458	(228)	40,900	42,475	(1,575)
County Clerk	49,500	47,136	2,364	46,583	44,158	2,425
Elections	9,370	11,290	(1,920)	26,210	24,658	1,552
Buildings and grounds	28,900	30,910	(2,010)	27,023	27,786	(763)
Employee fringe benefits	32,000	36,956	(4,956)	35,725	31,308	4,417
County Treasurer	22,990	22,324	666	16,870	16,202	668
County Collector	54,200	53,156	1,044	53,025	52,707	318
Circuit Clerk and Ex Officio Recorder of Deeds	19,450	18,649	801	21,539	20,041	1,498
Associate Circuit Court	4,000	3,363	637	5,000	3,875	1,125
Associate Circuit (Probate)	1,200	636	564	600	102	498
Court administration	3,775	4,291	(516)	5,727	3,772	1,955
Public Administrator	5,230	4,865	365	4,753	4,906	(153)
Sheriff	180,397	188,251	(7,854)	172,424	177,993	(5,569)
Jail	8,000	11,154	(3,154)	7,900	7,974	(74)
Prosecuting Attorney	57,952	57,717	235	50,495	49,277	1,218
Juvenile Officer	12,395	21,403	(9,008)	26,493	24,299	2,194
County Coroner	4,300	4,284	16	4,350	4,281	69
Other	31,246	40,457	(9,211)	39,100	31,246	7,854
Patrol cars	22,166	44,897	(22,731)	23,510	18,727	4,783
Transfers out	6,000	1,328	4,672	6,587	0	6,587
Emergency Fund	30,000	0	30,000	30,000	31,721	(1,721)
Total Disbursements	645,301	665,525	(20,224)	644,814	617,508	27,306
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,374)	(28,475)	20,899	(11,560)	(52,201)	(40,641)
CASH, JANUARY 1	99,766	99,766	0	151,967	151,967	0
CASH, DECEMBER 31	\$ 50,392	71,291	20,899	140,407	99,766	(40,641)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

REYNOLDS COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 187,366	189,430	2,064	183,308	179,943	(3,365)
Intergovernmental	655,000	754,976	99,976	648,650	743,178	94,528
Interest	20,000	7,659	(12,341)	12,000	12,599	599
Other	98,000	31,957	(66,043)	84,000	6,824	(77,176)
Total Receipts	960,366	984,022	23,656	927,958	942,544	14,586
DISBURSEMENTS						
Salaries	330,000	329,517	483	300,000	331,006	(31,006)
Employee fringe benefits	67,705	67,386	319	79,397	66,271	13,126
Supplies	143,100	128,457	14,643	140,000	114,694	25,306
Insurance	18,500	21,844	(3,344)	17,500	18,337	(837)
Road and bridge materials	103,300	122,485	(19,185)	152,300	130,304	21,996
Equipment repairs	25,000	30,602	(5,602)	45,000	61,357	(16,357)
Rentals	250	0	250	500	280	220
Equipment purchases	261,000	313,564	(52,564)	256,000	122,670	133,330
Construction, repair, and maintenance	12,500	34,012	(21,512)	34,500	26,362	8,138
Other	2,000	482	1,518	2,000	670	1,330
Transfers out	19,341	19,341	0	18,939	18,939	0
Total Disbursements	982,696	1,067,690	(84,994)	1,046,136	890,890	155,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,330)	(83,668)	(61,338)	(118,178)	51,654	169,832
CASH, JANUARY 1	206,546	206,546	0	154,892	154,892	0
CASH, DECEMBER 31	\$ 184,216	122,878	(61,338)	36,714	206,546	169,832

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

REYNOLDS COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

Year Ended December 31,						
1999				1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 94,364	96,476	2,112	117,907	81,252	(36,655)
Interest	1,000	778	(222)	700	950	250
Other	5,800	20,013	14,213	5,000	5,798	798
Transfers in	15,023	1,328	(13,695)	6,587	0	(6,587)
Total Receipts	116,187	118,595	2,408	130,194	88,000	(42,194)
DISBURSEMENTS						
Assessor	116,187	118,061	(1,874)	123,123	86,192	36,931
Total Disbursements	116,187	118,061	(1,874)	123,123	86,192	36,931
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	534	534	7,071	1,808	(5,263)
CASH, JANUARY 1	1,808	1,808	0	0	0	0
CASH, DECEMBER 31	\$ 1,808	2,342	534	7,071	1,808	(5,263)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Charges for services	\$ 1,300	1,938	2,000	2,195	195	
Total Receipts	1,300	1,938	2,000	2,195	195	
DISBURSEMENTS						
Sheriff	2,032	1,973	2,450	2,031	419	
Total Disbursements	2,032	1,973	2,450	2,031	419	
RECEIPTS OVER (UNDER) DISBURSEMENTS	(732)	(35)	(450)	164	614	
CASH, JANUARY 1	1,081	1,245	1,081	1,081	0	
CASH, DECEMBER 31	\$ 349	1,210	631	1,245	614	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

		Year Ended December 31,					
		1999			1998		
				Variance			Variance
		Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	375	320	(55)	680	371	(309)
Other		0	4	4	0	0	0
Total Receipts		375	324	(51)	680	371	(309)
DISBURSEMENTS							
Prosecuting Attorney		509	439	70	925	509	416
Total Disbursements		509	439	70	925	509	416
RECEIPTS OVER (UNDER) DISBURSEMENTS		(134)	(115)	19	(245)	(138)	107
CASH, JANUARY 1		206	206	0	344	344	0
CASH, DECEMBER 31		\$ 72	91	19	99	206	107

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S USER FEES FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Charges for services	\$ 4,000	3,532	4,200	3,304	(896)	
Interest	0	782	0	724	724	
Total Receipts	4,000	4,314	4,200	4,028	(172)	
DISBURSEMENTS						
Recorder of Deeds	3,000	1,702	7,000	223	6,777	
Total Disbursements	3,000	1,702	7,000	223	6,777	
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	2,612	(2,800)	3,805	6,605	
CASH, JANUARY 1	17,334	17,334	13,529	13,529	0	
CASH, DECEMBER 31	\$ 18,334	19,946	10,729	17,334	6,605	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SWEETWATER CEMETERY TRUST FUND

Year Ended December 31,			
1999			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 211	192	(19)
Total Receipts	211	192	(19)
DISBURSEMENTS			
Maintenance	0	185	(185)
Total Disbursements	0	185	(185)
RECEIPTS OVER (UNDER) DISBURSEMENTS	211	7	(204)
CASH, JANUARY 1	4,403	4,403	0
CASH, DECEMBER 31	\$ 4,614	4,410	(204)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF'S CIVIL FEES FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 4,000	5,355	1,355
Interest	0	274	274
Total Receipts	4,000	5,629	1,629
DISBURSEMENTS			
Sheriff	0	0	0
Total Disbursements	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	5,629	1,629
CASH, JANUARY 1	3,062	3,062	0
CASH, DECEMBER 31	\$ 7,062	8,691	1,629

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

REYNOLDS COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

Year Ended December 31,						
1999			1998			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 93,000	100,135	7,135	90,000	95,218	5,218
Intergovernmental	144,400	145,364	964	172,627	155,070	(17,557)
Charges for services	4,500	4,048	(452)	3,000	3,830	830
Interest	2,000	2,734	734	1,800	1,853	53
Other	7,700	7,667	(33)	6,600	8,030	1,430
Total Receipts	251,600	259,948	8,348	274,027	264,001	(10,026)
DISBURSEMENTS						
Salaries	200,286	184,983	15,303	215,807	211,013	4,794
Office expenditures	15,200	17,721	(2,521)	17,800	13,457	4,343
Equipment	3,900	2,458	1,442	350	0	350
Mileage and training	4,261	6,087	(1,826)	3,000	2,244	756
Other	27,953	19,231	8,722	37,070	28,515	8,555
Total Disbursements	251,600	230,480	21,120	274,027	255,229	18,798
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	29,468	29,468	0	8,772	8,772
CASH, JANUARY 1	21,296	31,396	10,100	22,624	22,624	0
CASH, DECEMBER 31	\$ 21,296	60,864	39,568	22,624	31,396	8,772

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SENIOR SERVICES BOARD FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Property taxes	\$ 29,000	30,030	27,830	28,532	702	
Interest	475	349	350	467	117	
Total Receipts	29,475	30,379	28,180	28,999	819	
DISBURSEMENTS						
Services for Senior Citizens	30,640	30,765	28,840	28,840	0	
Other	100	100	100	100	0	
Total Disbursements	30,740	30,865	28,940	28,940	0	
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,265)	(486)	(760)	59	819	
CASH, JANUARY 1	4,989	4,989	4,930	4,930	0	
CASH, DECEMBER 31	\$ 3,724	4,503	4,170	4,989	819	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT CLERK INTEREST FUND

Year Ended December 31,						
1999			1998			
		Variance			Variance	
		Favorable			Favorable	
		(Unfavorable)			(Unfavorable)	
	Budget	Actual	Budget	Actual		
RECEIPTS						
Interest	\$ 300	515	276	542	266	
Total Receipts	300	515	276	542	266	
DISBURSEMENTS						
Circuit Clerk	250	530	200	615	(415)	
Total Disbursements	250	530	200	615	(415)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	(15)	76	(73)	(149)	
CASH, JANUARY 1	348	350	423	423	0	
CASH, DECEMBER 31	\$ 398	335	499	350	(149)	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

REYNOLDS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1999, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	1999 and 1998
Children's Trust Fund	1999 and 1998
Special Law Enforcement Fund	1999 and 1998
Emergency Grant Fund	1999 and 1998
Senate Bill 40 Board Fund	1999 and 1998
Associate Circuit Division Interest Fund	1999 and 1998
Sheriff's Civil Fees Fund	1999
Sweetwater Cemetery Trust Fund	1998

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	1999 and 1998
General Revenue Fund	1999
Special Road and Bridge Fund	1999
Assessment Fund	1999
Sweetwater Cemetery Trust Fund	1999
Senior Services Board Fund	1999

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	1999 and 1998
Senate Bill 40 Board Fund	1999 and 1998
Senior Services Board Fund	1999 and 1998
Circuit Clerk Interest Fund	1999 and 1998
Law Library Fund	1999 and 1998
Associate Circuit Division Interest Fund	1999 and 1998

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1999, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 1999, \$758,922 was covered by federal depositary insurance and \$586,497 was covered by collateral pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers.

Of the county's bank balance at December 31, 1998, \$768,071 was covered by federal depositary insurance and \$571,192, was covered by collateral pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers.

The Health Center Board's, the Senate Bill 40 Board's, and the Senior Services Board's deposits at December 31, 1999 and 1998, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Health Center Board and the Senate Bill 40 Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

REYNOLDS COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 1999 AND 1998

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

REYNOLDS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

Our prior audit report issued for the two years ended December 31, 1997, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

SECTION ON OTHER MATTERS

REYNOLDS COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 18, 2000.

We did not review the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be reviewed and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Reynolds County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Financial Condition

Reynolds County's General Revenue Fund is experiencing a declining cash balance. During the years ended December 31, 1999 and 1998, disbursements exceeded receipts by \$28,475 and \$52,201, respectively, resulting in the General Revenue Fund cash balance decreasing from \$151,967 at January 1, 1998 to \$71,291 at December 31, 1999.

2. Budgets and Published Financial Statements

Formal budgets were not prepared for various county funds for the two years ended December 31, 1999. Disbursements were made in excess of approved budgets for various funds. Additionally, the county's annual published financial statements did not include the financial activity of several county funds.

3. County Expenditures

The county contracted with a certified professional appraiser to perform reassessment of the three lead mines at a cost of \$27,942; however proposals were not solicited. Additionally, the appraiser did not submit a formal report to the county indicating the values that were assessed.

The county does not always maintain documentation to support its decisions to not solicit bids for those purchases where it is considered impractical (i.e., sole source). Additionally, the county did not always adequately document all efforts to obtain bids for various expenditures.

The county did not retain documentation regarding the consideration of at least three engineering firms for consulting fees for bridge project BRO 090 (9) totaling \$52,614. The

county indicated that it considered three engineering firms for this project; however, the county had only one engineering firm's statement of qualifications on file.

The Sheriff's office uses a county Visa card to make various purchases. During the audit period, charges of \$689 (23 percent of total Visa expenditures) were not supported by adequate documentation. Additionally, the county has been assessed various late fees and finance charges on this account.

4. Computer Controls

Passwords are used by county employees, but are not changed on a periodic basis to ensure confidentiality.

After June 1, the County Collector makes additions and abatements to the property tax system based upon information received from the Assessor with no independent review by the County Clerk. Section 137.260 RSMo 1994, requires that the tax book only be changed by the County Clerk under order of the County Commission.

5. Personnel Policies and Procedures

The Sheriff and deputies are not required to submit invoices or expense reports to support monthly uniform allowances, and the allowances are not reported on W-2 forms. Officials or supervisors do not always sign time sheets to document approval of payroll expenditures. The Sheriff's deputies and bailiff prepare time sheets indicating five eight hour days are worked each week; however, the actual hours worked are often different than the hours recorded. Additionally, the County Clerk does not maintain adequate centralized leave records for all county employees.

6. Health Center

Receipt slips were not issued for some monies received.

The Health Center's property records have not been updated since 1997. Additionally, annual physical inventories are not conducted.

The Health Center Administrator does not sign time sheets to document approval of payroll expenditures. Documentation was not present in some employees' files indicating current salary or wage rates. Employees' leave records are not always accurately maintained. Additionally, the Health Center's policies regarding accumulation, usage, or limitation of sick leave, annual leave, and compensatory time are not formally documented.

This Letter on Other Matters is intended for the information of the management of Reynolds County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.